

## Message Text

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64

ORIGIN EA-14

INFO OCT-01 ISO-00 CG-00 DOTE-00 PM-07 NSC-07 SP-03 SS-20

RSC-01 CIAE-00 DODE-00 INR-10 NSAE-00 PA-04 USIA-15

PRS-01 H-03 AGR-20 AID-20 COME-00 EB-11 FRB-02

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

SAJ-01 SAM-01 FEA-02 SCI-06 INT-08 ACDA-19 /205 R

DRAFTED BY EA/P:STAFF:EB

APPROVED BY EA/P:AHROSEN

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R 082204Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY SAIGON

INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

USSAGE NKP

CINCPAC

COGARD

XMT AMEMBASSY SUVA

AMEMBASSY RANGOON

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COGARD FOR POLAD

E.O. 11652: N/A

TAGS: PFOR, XC, US

SUBJECT: MAY 8 EA PRESS SUMMARY

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1. WH "DEEPLY DISAPPOINTED" BY SENATE APPROVAL OF KENNEDY AMENDMENT, SAYS IT COULD CAUSE LOSS OF FAITH AMONG ALLIES. SPOKESMAN WARREN STATES REQUESTED FUNDS NEEDED TO MAINTAIN "MILITARY EQUILIBRIUM" SINCE NVN HAS "ILLEGALLY" INFILTRATED MORE THAN 120,000 TROOPS AND LARGE QUANTITIES OF HEAVY ARMS INTO SVN SINCE C-F (MCCARTNEY, PHINQ). WH DENOUNCES SENATE ACTION, WARNS THAT NVN BUILDUP IN SVN POSES GROWING THREAT TO SEA STABILITY (AP, NYDN).

2. MCCARTNEY (PHINQ) REPORTS THAT SFRC INVESTIGATORS FIND 490 MILLION ITEM FOR "WAR RESERVE MATERIALS" IN PROPOSED DOD BUDGET THAT APPEARS TO BE "SECRET FUND" TO CHANNEL UNAUTHORIZED MIL AID TO SVN AFTER JULY 1. IN REPLY TO COMMITTEE REQUEST FOR EXPLANATION AND BREAKDOWN, PENTAGON ACKNOWLEDGES THAT MONEY INTENDED FOR "WAR RESERVE" EQUIPMENT AND MUNITIONS FOR SVN, THAI AND KOREAN FORCES, AND "APPARENTLY COULD BE SPLIT UP ANY WAY THE PENTAGON MIGHT WISH." OFFICIAL DOD FIGURE FOR 1975 SVN MIL AID IS 1.45 BILLION, AND DOES NOT INCLUDE THE 490 MILLION. FULBRIGHT ACCUSES DOD OF "HIDING" THE MONEY, SAYS IT APPEARS TO BE DELIBERATE ATTEMPT TO

CIRCUMVENT CONGRESS AND IS TYPICAL OF WAY ADMIN TRIES TO "GET AROUND" AID CUTS.

3. GVN SPOKESMAN SAYS COMMUNIST MEMBERS OF ICCS SHOULD CHOOSE EITHER TO POLICE CEASE-FIRE OR GO HOME. CRITICISM WAS TRIGGERED BY HUNGARIAN AND POLISH DELEGATION NON-PARTICIPATION IN INVESTIGATION OF RECENT DELTA SCHOOL SHELLING INCIDENT (UPI SAIGON). COMMUNIST FORCES MOVE IN ON QUANG TIN PROVINCE CAPITAL OF TAM KY UNDER COVER OF MORTAR BARRAGE. ATTACK BEGAN THREE DAYS AGO WHEN TWO GVN MILITIA OUTPOSTS OVERRUN (CHITRIB). FROM SAIGON, PARKS (SUN) GIVES GLUM VIEW OF SITUATION IN SVN, OPINES THAT "NEW SCENARIO" FOR DISASTER BEING WRITTEN AS US AID DIMINISHES. QUOTES EUROPEAN AMB THAT ALMOST ALL VIETS AND FOREIGNERS SEE DISASTER TWO OR THREE YEARS IN FUTURE WHEN SVN HAS LOST DESIRE OR ABILITY TO FIGHT DUE TO ECON, POLITICAL AND EVENTUALLY MILITARY COLLAPSE. PARKS COMMENTS THAT ALMOST ONLY "UPBEAT" ASSESSMENT COMES FROM US EMBASSY, WHOSE OFFICIALS FEAR THAT PESSIMISTIC ACCOUNTS WILL DIS-

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COURAGE A RELUCTANT CONGRESS FROM "SHORING UP" GVN WITH MORE MONEY AND SO CONTRIBUTE TO COLLAPSE. BUT EVEN WITHIN EMBASSY MANY ACKNOWLEDGE VALIDITY OF DISASTER SCENARIO AND SOME GIVE "FAIRLY HIGH ODDS" THAT IT WILL BE PLAYED OUT THIS TIME. FURTHER ECON DETERIORATION EXPECTED TO LEAD TO WIDESPREAD POLITICAL UNREST, AND FORMER GVN MINISTER BELIEVES ARVN MORALE WILL DROP SO LOW IT WILL NOT BE ABLE OR WILLING TO FIGHT. PARKS DESCRIBES GLOOMY ECON SITUATION

OF INFLATION, UNEMPLOYMENT, HIGH PRICES FOR BASICS, STARVATION IN SOME PLACES BECAUSE OF SPECULATIVE HOARDING OF RICE, AND SHORTAGE OF NEEDED AGRICULTURAL IMPORTS. SEES PROBLEMS DUE TO WAR COSTS, LOW EXPORTS, INCREASING WORLD POL PRICES AND US AID CUTS; SAYS GVN HAS NO SOLUTIONS BEYOND AUSTERITY, US AID AND HOPING FOR MORE FOREIGN INVESTMENT. OBSERVES SO FAR FEW POLITICAL MANIFESTATIONS OF ECON WOES - NO STRIKES, RIOTS, DEMONSTRATIONS OR SIGNIFICANT PROTESTS - BUT MOST VIET POLITICIANS BELIEVE QUIET WILL NOT LAST MUCH LONGER. PRO-THIEU SENATOR SEES RIOTS, STRIKES AND OTHER TROUBLES BY YEAR'S END, AS DO SECURITY OFFICIALS WHO NOW HAVE PERMISSION TO TIGHTEN CONTROLS. GVN REPEATEDLY PREDICTS GENERAL OFFENSIVE SOON; SVN SENATOR BELIEVES NO COMMUNIST OFFENSIVE FOR FOUR OR FIVE YEARS, JUST "NO PEACE, NO WAR" AND THINKS THAT ANY SERIOUS MILITARY REVERSAL WOULD DAMAGE POLITICAL STABILITY. ONE ANALYST BELIEVES COMMUNISTS HAVE DECIDED TO AVOID RISKS AND CONTINUE BUILDUP, NOTES LACK OF HISTORICAL CORRELATION BETWEEN BUILDUP AND ACTUAL OFFENSIVE. GVN AND US OFFICIALS ESTIMATE 220-240,000 NVA AND 80,000 VC NOW IN SVN, COMPARED TO ESTIMATED 145,000 AND 70,000 RESPECTIVELY AT TIME OF C-F, AND MORE TANKS AND LONG-RANGE ARTILLERY THAN BEFORE 1972 OFFENSIVE.

4. REBELS SHELL GKR WAREHOUSE COMPLEX AT LONG VEK (CHITRIB). FIFTH GKR POSITION IN TWO DAYS FALLS AFTER HEAVY FIGHTING, 18 MILES EAST OF KOMPONG SOM; FANK COMMAND SAYS REBEL FORCES PUSHING TOWARD PORT WHICH IS NOW THREATENED (REUTER PP).

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5. JOC LONDON DISPATCH SAYS PROSPECTS FOR INCREASED PRC OIL UNCLASSIFIED

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EXPORTS GROW CLOSER WITH ANNOUNCEMENT THAT PRODUCTION OF CRUDE AT TACHING OILFIELD ROSE BY 26 PERCENT IN FIRST FOUR MONTHS OF THIS YEAR. TACHING RISE ATTRIBUTED TO EXPLOITATION OF EXTREMELY RICH NEW ZONE; AND, AFTER INITIAL HESITATION, SOME LONDON ECON OBSERVERS ARE PERSUADED TO ACCEPT UNEXPECTEDLY HIGH 1973 PRODUCTION  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS COMMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 MAY 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** STAFF:EB  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
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**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** shawdg  
**Review Comment:** n/a  
**Review Content Flags:** ANOMALY  
**Review Date:** 30 OCT 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <30 OCT 2002 by shawdg>; APPROVED <03 JAN 2003 by shawdg>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MAY 8 EA PRESS SUMMARY INDOCHINA  
**TAGS:** PFOR, XC, US  
**To:** SAIGON  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005